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Comments:

I am a mortgage broker/lender and have been in the mortgage industry for seven years. I have a Bachelor of Science in Business Management and a Minor in Economics from Plymouth State University. In my opinion the Federal Reserve and others in Washington D.C. are looking in the rearview mirror and are not looking forward to the problems in the mortgage market. The government is almost always never proactive and is most often reactive. When the market was starting to get over heated and Wall St. need for earnings and appetite for big returns fueled the current market no one in Washington was taking a hard look at what was going on. Now that the damage is down they all want to step in and make things better. Had HUD and FHA kept up with the current mortgage market the country and the so called lending crisis would be in a different state. A large percentage of consumers who took out sub prime mortgages would have been better off with an FHA loan. Lower interest rates, 30 yr fixed mortgage. On the lender's side the loans would have been insured in case of a possible default. It is my opinion some of the loan programs that are in the market place have a need to be in the market place, such has No Income Verification loans or NIV, SISA (Stated Income Stated Assets), SIVA (Stated Income Verified Assets), NINA (No Income No Assets) , NO RATIO, True NO DOC loan and , No income No Asset No Employment. For the right borrower these loans make all the sense and if underwritten correctly would have a low default rate. Borrowers who are self employed will suffer the most because of these changes. CPA and Accounting firms are very good at using the tax code to their client's advantage to reduce their tax liability thus reducing their taxable income. If self employed borrowers do not have some of the above mentioned loans available they will suffer. For a client who is a simple W2 and pay stub borrower lenders should take a look at their W2 and pay stub and verify their income and assets in qualifying for a loan. But there are consumers in the market place who A) do not have the ability to correctly verify their income or assets

or B) consumers that do not have a willingness to verify their income or assets due to privacy reasons. These sophisticated clients should not be forced to not get a loan that they can pay back because of abuses by others in the mortgage market. But again as I stated above a simple client who is a W2 and pay stub consumer who does not have complicated tax returns should have their income verified. Those borrowers who are self employed, own corporations, 1099, or commissioned employees with unreimbursed business expense should be able to use the products that are available to allow them to get financing. Not every consumer applying for a loan fits into the tight little box of Ward and June Cleaver. Certain loans should allow for pre payment penalties and those penalties should be capped to 3 years. If the consumer does not like a loan with a pre payment penalty, get your credit score up and qualify for a new loan or do not take one at all. In all of this credit mess that has been in the news media, blame has been placed on many different shoulders. Too often the mortgage broker is being blamed for the bad loan that they gave the consumer. There is no doubt that there were bad mortgage people in the business. The reality is that most of these people have left the business and hopefully will never return. I hold myself to a high standard and I believe that licensing and a national registry of the individual loan officer whether they work at a bank, credit union, mortgage lender, mortgage banker, mortgage broker or etc... That all mortgage "professionals" should have minimum standards and a code of ethics. With all the blame that has gone around too much of it is placed on the mortgage broker. We were not the one's coming out with the products. The large mortgage lenders in the sub prime market were the one's coming out with these products. Wall St Firms were buying these mortgage back securities or collateralized debt obligation and securitizing and bundling these mortgage and selling them on the secondary market. The rating agencies were rating these bonds and had no idea how to gauge the worth of these securities. So to place the entire blame on the mortgage broker is unfair. The Wall St firms created the market and bought and sold these mortgage back securities played a large role in the mortgage meltdown. As for escrow accounts, clients should be given the option to escrow or not escrow. Fannie and Freddie actually charge a small fee if a client does not want to escrow. While in the sub prime mortgage market most lenders did not require clients to escrow or give them the option to escrow. I personally would not send my clients to lenders that did not escrow unless it was a last resort. The thing that needs to be realized is that as everyone in Washington is now using the mortgage market meltdown as political football the market has already corrected itself. The sub prime mortgage market is virtually non existent. There is no appetite on Wall St for these loans and the market has dried up. Somewhere in this entire credit mess, the consumer's responsibility to themselves has never been taken into question. It is my opinion that the consumer themselves need to share in the burden of responsibility. If at the time your credit score was 580 and you qualified for 100% LTV and the interest rate and payment looked good but you had a 2 yr ARM with a 2 year pre payment penalty, maybe you should wait to purchase a home. Save up a 5% down payment and get your credit score to above 700. It is too bad that HUD and FHA did not keep up with the 21st century and make FHA available to the masses. Had it been available we would not be in this current mortgage market. But if you leave it to the guys and gals on Wall St to create a market and fuel a housing boom, look at the results that we have. Imagine all the sub prime and ALT A borrowers that are currently having problems, imagine if these borrowers got an FHA 30 yr fixed mortgage. Would the housing and mortgage market be in the same state that it is today? I can tell you that NO we would not be in the same mess we are in today. Laissez-faire - The

market will correct itself. Let us stop looking in the rear mirror and look forward. The market has already started to correct. YSP is always disclosed. We make money one of three ways, directly from the client, directly from our lender or a combination of the two. The reality is that lenders get compensated YSP it is just not disclosed on the HUD Settlement. More bashing of the mortgage broker when it is not necessary. Mortgage brokers are the ones on the front line developing relationships and finding customers for these banks. A normal YSP is anywhere from 1 - 4 % depending on loan size. Think of how much interest a lender will collect on a \$250,000 mortgage over 7 years at 6%. Our compensation might be between \$2500 - \$7500. Is that really so bad when we think of how much money a bank is going to collect in interest for us placing a loan with them? A higher YSP allows us the ability to offer a NO POINTS NO CLOSING loan for the right client. Yes, they pay a higher interest rate but that might work for them. On the reverse side, someone could choose to pay 2 points to buy their interest rate down. It works on a sliding scale. But again there is a loan disclosure sent to clients letting them know how we get paid. Just as I have illustrated above. Yes appraisers should not be coerced in regards to the appraisal and appraiser themselves should have a code of conduct. Define unfair practices of loan servicers Define better disclosure over all. Caveat emptor